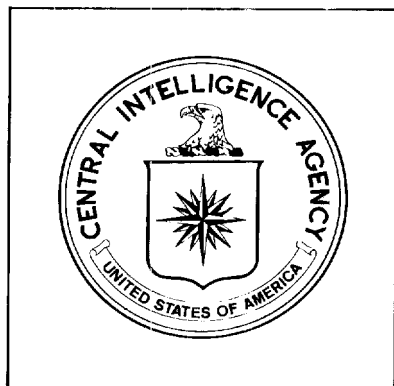


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MIDDLE EAST – AFRICA – SOUTH ASIA

This publication is prepared for regional specialists in the Washington community by the Middle East - Africa Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Palestinians

*PLO Reported Considering Role in
Support of Palestinian Refugees*

The Palestine Liberation Organization may be working actively to discourage Arab contributions to the UN agency that provides social services to Palestinian refugees. The PLO would hope that this action would bring about the agency's collapse, leaving the field open to the PLO--with Arab oil money--to assume responsibility for providing food and educational and health services to refugees.

In the past, the Arabs--including the PLO--have maintained that the refugee problem was created by the Western powers, and that the international community should bear financial responsibility for the welfare of the 1.5 million refugees registered with the UN. One-third live in refugee camps in the occupied territories, Jordan, Lebanon, and Syria.

The PLO may now feel that it would win additional international acceptability and wider political support by demonstrating that it can perform some of the functions of an independent government, particularly if the UN program had ceased operations for lack of funds, as now seems possible. Palestinian leaders may calculate that the drawback of relieving the international community of its responsibilities would be offset by increased momentum toward the creation of a Palestinian state on the West Bank and Gaza.

Saudi Arabia, despite misgivings about the radical ideology of some Palestinian leaders, has long provided considerable financial support for the PLO, and might be willing to expand its aid to the level necessary to underwrite a PLO-administered program of assistance for refugees. The Saudis would hope that this would hasten the return of the occupied territories--ultimately to include Jerusalem--to Arab hands, and would help ensure

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that a future Palestinian state would be controlled
by relatively moderate Palestinian leaders [REDACTED]
[REDACTED] Kuwait could be expected to join
with the Saudis in such an effort.



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Nigeria

Gubernatorial Appointments Delayed

General Gowon is encountering considerable difficulty in putting together a new slate of state military governors. Military officers administer 11 of Nigeria's 12 states and Gowon had promised to make the new appointments by early April. Negotiations between Gowon and the army hierarchy over the appointments are proving more sticky than was the case with the 20-man federal cabinet that General Gowon named in January. The cabinet includes twelve military and police officers among its members.

The gubernatorial appointments are key ones, for the governors hold a majority of seats on the Supreme Military Council, Nigeria's highest formal executive body. Gowon needs to change faces among the military governors in order to claim fulfillment of a pledge he gave last October to bring new blood into Nigeria's top leadership.

According to some reports, the changes Gowon has in mind are encountering stiff opposition among the incumbent northern governors, particularly from Brigadier Kyari of North Central state and Brigadier Usman of North Eastern state. At the same time, Gowon is under heavy pressure from office seekers in the senior and middle grade officer ranks who are grumbling that the present governors have monopolized the plums of military rule for too long. In the end, Gowon will probably succeed in developing a consensus on a new set of governors, but it clearly may take some time.

Gowon has given no indication whether he proposes to replace all the governors or whether some incumbents may be retained and possibly reassigned to administer other states. When he launched Nigeria's third national development plan last month, Gowon announced that six new ministries would be set up to help carry out the plan. The new ministries would provide convenient slots for some of the outgoing governors; others might be given ambassadorial posts or reassigned to command positions in the armed forces. (SECRET/NO FOREIGN DISSEM)

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Bangladesh

Currency Devaluation

Bangladesh dropped the value of its currency by nearly 37 percent on May 17. The move, strongly recommended by the World Bank and the International Monetary Fund, makes Bangladesh eligible for \$105 million in new loans from the Fund. It should also help exports of jute and jute products, which account for 85 percent of the country's export earnings.

The timing of President Mujib's decision was influenced by the meeting scheduled for June 3 of the consortium that aids Bangladesh. Mujib had been reluctant to devalue because of concern for the inflationary impact of the measure. He will now seek increased aid to dampen the expected increase in domestic prices. At present, aid donors provide nearly three times as much foreign exchange as Bangladesh earns from exports.

Mujib must now determine how best to deal with the domestic effects of devaluation. Imports cannot be reduced much because they are already limited to essentials, such as foodgrains distributed through the government's ration system. He could move to mollify urban consumers by absorbing all or most of the increased costs of grain imports. If, on the other hand, the increased cost is passed on to consumers, Dacca would receive increased counterpart funds. (CONFIDENTIAL)



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